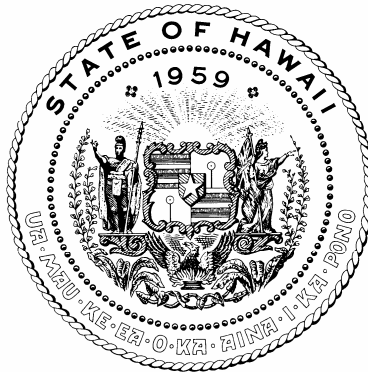


REPORT TO THE TWENTY-FOURTH LEGISLATURE  
REGULAR SESSION OF 2007  
RELATING TO THE FOREST STEWARDSHIP PROGRAM



Prepared by  
THE STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
DIVISION OF FORESTRY AND WILDLIFE

In response to Section 195F-6, Hawaii Revised Statutes

Honolulu, Hawaii  
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PURPOSE

This report complies with §195F-6, Hawaii Revised Statutes (HRS), and covers specific topics relating to the Forest Stewardship Program (the Program) within the Department of Land and Natural Resources (the Department). Act 195, Session Laws of Hawaii (SLH) 1993, established a dedicated funding source as a percentage of annual Conveyance Tax revenues that are deposited into the Natural Area Reserve Fund. This report covers actions taken through November of 2006 as required to implement the statutory provisions of the Program.

BACKGROUND

The Program became effective in July 1991 through Act 327 of the 1991 State Legislature. The Act authorized the Department to provide state funds to financially assist private landowners to manage, protect, and restore important natural forest resources on their forested and formerly forested properties. The Program enables private landowners to restore, conserve and actively manage important forest resources throughout Hawaii that provide vital public and private socioeconomic and environmental benefits and services. Private landowners own approximately one half of Hawaii's remaining forested areas. By establishing and maintaining this Program, the State recognizes that public-private partnerships are essential to the present and future conservation and health of our valued forest resources and Hawaii's natural environment as a whole. With the demise of Hawaii's primary agricultural industries, sugar and pineapple, the Program has and continues to encourage native resource conservation in these formally agricultural areas. It also serves to stimulate investment in forestry as a promising, economically viable land-use alternative that will supply a small but rapidly developing hardwood timber industry.

Approximately 7,958 acres (16 landowners) are currently being managed under the Program for watershed protection, conservation, high-value timber plantations, threatened and endangered species recovery, environmental education, and restoration of formerly fallow and/or degraded agricultural lands. The majority of landowners who are enrolled in the Program would not have been able to pursue their innovative land-use objectives without the technical and financial assistance that has been offered to them through this Program. Approximately 1,700 acres (16 landowners) have completed 10-year contracts in this Program, and many of those acres are still being managed as they were while enrolled in the Program.

The success of the Program is due largely to its inclusion of a wide variety of ecosystems and its ability to address a full array of forest management problems and opportunities in a range of local contexts. Partnering with a variety of federal programs managed by the Department and other local agencies has also lead to the success of this Program. This Program is one of the few in the State that has management areas ranging in size from 7 to 3,588 acres. Equally as diverse

are the management objectives, which generally range from conservation of native habitats, high-value timber production, agroforest crop production, watershed restoration, and finally educational and recreational opportunities. All of the Forest Stewardship projects are in some way contributing to the overall health and productivity of Hawaii's forests as well as enhancing ecosystem services and economic potential. (**Appendix 1**)

## PLANNING and MANAGEMENT

The Department continues to identify ways to more effectively address landowner and State needs while maintaining accountability and furthering the overall, long-term objectives of the Program. The Program's "Five Year Plan", included as **Appendix 2**, outlines strategies for expanding the Program's environmental and economic impacts, while increasing landowner participation. The Program is also interested in updating the handbook in order to meet economic changes in market prices, as well as make changes to specific aspects of the Program, which will make it more attractive to more private landowners.

The Program adheres to the State Procurement Law by publishing advertisements for funding opportunities and legal notices "Request for Proposals" annually, and keeps a general announcement on the State Procurement Website  
<http://www2.hawaii.gov/bidapps/ShowBids.cfm?Isle=O>.

The Hawaii Forest Stewardship Advisory Committee reviews all landowner applicant proposals and management plans and recommends those that are eligible and worthy of assistance, to the Board of Land and Natural Resources (Board). This Committee also oversees the Federal Forest Legacy and Forest Lands Enhancement Programs, which are both complementary program options for private landowners. More can found on the Forest Legacy Program at <http://www.state.hi.us/dlnr/dofaw/Legacy/index.html>.

All successful State Forest Stewardship applicants enter into formal contract agreements with the Board for a term of no less than 10 years. Contract agreements clearly define applicant responsibilities and provide mechanisms to ensure applicant accountability. Forest Stewardship contract agreements also require Governor's approval through the Department of Budget and Finance; Chairperson's (of the Board) approval for multi-term contracts; Department of Accounting and General Services (DAGS), Pre-audit Division formal contract encumbrance approval; employer-employee approval; State procurement requirements (when total contract exceeds \$25,000); and Department of the Attorney General (AG) contract approval as to form.

All landowner participants must commit and follow, in their Forest Stewardship contract agreements, the Department's currently approved Best Management Practices (BMPs) when preparing project sites for planting and harvesting any trees that are planted with program assistance. All Forest Stewardship projects are currently being reviewed to verify compliance with this requirement. If commercial timber production is a management objective, participants must also, in adherence with Chapter 343, HRS, prepare an environmental assessment (EA).

The Department's Division of Forestry and Wildlife (DOFAW) is available for technical and programmatic guidance as needed. Landowners receive cost-share payments as reimbursements only after they complete and report on specific management practices as described in their approved management plans, and only after practice completion has been confirmed by Department staff following a visit to the project site. Landowners are required to submit written reports in a standard format, with all related cost documentation provided to DOFAW every six months for the entirety of their project. All projects are periodically assessed, monitored and audited by DOFAW staff, for adherence to approved budgets, program guidelines and approved management plan specifications. Occasionally, contracts are amended to allow for unforeseen delays in the progress of the management plan.

### PROGRAM DEVELOPMENT/OUTREACH

The Department has continued to address Program goals and assist applicants with Forest Stewardship Management Plan development and implementation. The Program has also continued in its efforts to educate the public with regards to the important environmental and economic benefits that our forest resources provide, when responsibly managed, and the need for partnerships with private landowners who are responsible for the management of so many of our valuable forest and watershed areas.

The Department continues to work successfully with other federal, state, and county agencies on all major islands to deliver assistance and information to landowners in appropriate forms as needed. The Department's Cooperative Resource Management Forester communicates directly with several landowners each day who have forest management concerns or questions regarding the Program. The Department has distributed several hundred handbooks, fact-sheets and brochures to landowners and government agencies on all islands. In addition, Forest Stewardship workshops are held on each of the major islands. These workshops are designed to attract all eligible landowners who may not otherwise know about or understood the Program. The Department also contributes Program news updates in relevant agency and organization newsletters and periodic press releases, to inform potential landowner participants. The Department will continue to advertise the Program to reach out to landowners with various stewardship objectives on all islands. **Appendix 3** provides a description and table of all landowner assistance programs in the State (Federal and State), as well as some benefits of these various programs. This information allows private landowners to investigate all program possibilities so they are able to utilize the program that best meets their natural resource needs.

The Hawaii Forest Stewardship Handbook (Handbook) is regularly updated and provided to all landowners and resource professionals who are interested in the Program. The Handbook contains information about program eligibility, enrollment and fiscal procedures, management plan requirements and specifications, practice criteria for cost-share assistance, practice specification guidelines, and accomplishment and reporting requirements. The Handbook and other Forest Stewardship information are also available online on the Department's web page at [www.dofaw.net](http://www.dofaw.net) in the Forest Stewardship Program link. This site has current stewardship project information with pictures, stewardship application procedures, the Five-Year Plan, Annual Reports to the Legislature, frequently asked questions (FAQs) about the Program, links

to complementary programs managed by DOFAW and other local agencies, and other relevant information.

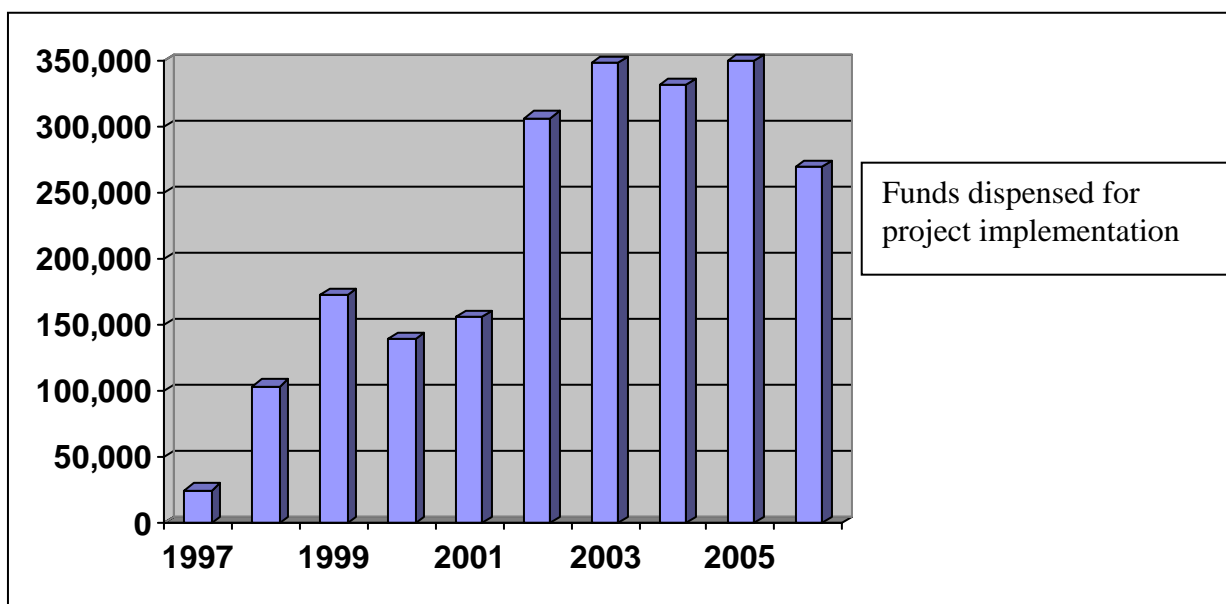
In compliance with Chapter 343, HRS, the Department is able to inform the public regarding the use of public funds to promote private forest stewardship. Notice of quarterly Forest Stewardship Advisory Committee meetings will be published in the Department of Health's Office of Environmental Quality Control (OEQC) Bulletin to provide an opportunity for public comment and review of agenda items including projects that are being considered for funding.

## ACTIONS

There are approximately 7,958 acres of private forestland in Hawaii that are being successfully managed for a variety of private and public forest products and benefits as a result of Program assistance. To date, the Department has entered into formal Forest Stewardship contract agreements with 32 landowners on the Islands of Kauai, Oahu, Maui, Lanai, Molokai, and Hawaii. Most projects have been quite successful and there have been no contractual defaults. For a concise listing of the history of all Forest Stewardship projects, see **Appendix 1**.

Landowners sometimes experience difficulty following their management plan schedules due to temporary financial hardship, health problems, drought or heavy rain conditions, or other unexpected events. These slow production years are often balanced by good years during which projects progress more rapidly than planned. Although most Forest Stewardship contract agreements with the State formally terminate after 10 to 20 years, the benefits of the management made possible through the Program will continue to accrue for decades.

The following table illustrates landowner demands for the Program, and the corresponding funds supporting these demands since the Program's establishment.



The forest management accomplishments made possible with assistance from the Program are providing a variety of social and environmental services. Participating landowners provide valuable information concerning successful forest management techniques such as site preparation, planting, species selection and seedling maintenance. Through written progress reports, site visits and even casual interactions with participating landowners, projects are generating a wealth of practical information that can be used by other landowners who may be inclined to pursue similar endeavors.

The thousands of acres of forest cover being established and/or maintained through the Program, largely on formerly degraded pastures or sugarcane lands, serve to enrich soils, reduce erosion, restore and protect important watersheds, and provide habitats for many important species. Landowners who are producing high-value timber for the local industry are also making a valuable contribution to the development of Hawaii's forest industry and a more diversified economy.

In addition to cost-share assistance, the Program is providing landowners with a support network that includes experienced professional foresters and other landowners who have similar ambitious and innovative, yet realistic forest management objectives and are eager to share their forest management experiences.

## PROGRAM CONSTRAINTS and RECOMMENDATIONS

### 1. Project Implementation Delays

For a variety of reasons, some landowners are not able to adhere to their project implementation schedules as defined in their Forest Stewardship contract agreements. Some have problems obtaining tree seedlings or necessary equipment. Some are faced with environmental conditions such as drought or extended heavy rains, which hinder their progress. Others simply find that they were too ambitious when planning the establishment phase of their project. All amendments to management plan budgets and schedules currently require the Boards' and the AG's approval. To reduce administrative paperwork, the Chairperson of the Board should be authorized to amend Forest Stewardship contracts to allow minor changes to project implementation and the budget, as long as they do not deviate from the general scope of management plan and/or the total allocated budget, after review and recommendation by the Program Manager and the Forest Stewardship Advisory Committee, without going back to the Board for approval.

2. It may be difficult to pursue timber harvest reimbursements to the State from private landowners who received Program funding for commercial timber production, if the first commercial timber harvest by the landowner occurs after the contract term has expired. The Department will pursue a Program amendment with the Board recommending inclusion of such a provision in all such contracts stipulating that the State will be eligible for payback after contract expiration.

3. Hawaii Administrative Rule 13-109-5, requires a 10-year cost share term in which management plan objectives are achieved, but the Department requires contract terms of 30 years to continue to promote ecosystem/public benefits as well as encourage landowner to not remove the forests. The Department is concerned that many private landowners who are not pursuing a commercial timber production component in their project scope have been discouraged from using this Program due to the 30-year requirement. The Department will pursue a Program amendment with the Board to provide flexibility in setting contract term lengths for projects that do not have a commercial timber production component.
4. Cost-share rates associated with the Program need to be updated to more closely represent the current market price rates for the practices detailed in the Handbook. The Department recommends that the cost-share rates be updated and that program participants be allow to modify their projects at least once during the 10 year management term to reflect any new hold down rates that are approved during Handbook revisions.
5. New management practices have been brought to the attention of the Department thanks largely to the continuing education process provided by participants in the Program. These practices need to be included into the Handbook so that they may be in incorporated into the cost-share calculations. The Department recommends that new practices, riparian zone buffer and management, intensive revegetation needs in difficult to reach areas, stream bank protection, and fire prevention methods be included in the program.
6. Hawaii Administrative Rules Title 13-109-8(c)(3), associated with the Program does not currently allow federal funds to be used as a match for state Forest Stewardship dollars by the private landowners. The Program participants could greatly prosper if permitted to use federal dollars as a match. Additionally, other programs run under the State are allowed to utilize both state and federal funds in private landowner projects. The Department recommends a rule change so all programs delivered by DOFAW receive the same considerations.

The Board of Land and Natural Resources (Board) at its October 13, 2006 meeting approved modification of the Handbook to: (1) Increase the hold down or cost-share rates to more accurately represent the current true cost of the Program's projects; and (2) Include new practices of intensive revegetation, special areas, and fire suppression so that those practices can be included in cost-share calculations. Additionally, the Board authorized the DLNR Chairperson to negotiate with current Program participants to amend their contracts to reflect new hold down rates, and approved reducing the minimum term of contract lengths to 10 years for non-timber producing contracts to attract more landowners who might not be willing or able to commit to an additional 20 years of management.